GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3134
ANSWERED ON:07.08.2015
Raising of GDP Rate
Dubey Shri Nishikant ;Singh Shri Pashupati Nath

Will the Minister of FINANCE be pleased to state:

(a) the current rate of GDP in the country;

(b) whether the Government has identified the factors affecting economic development/growth across the country;

(c) if so, the details thereof and the action taken by the Government in this regard;
and

(d) the extent to which the rate of GDP could be raised through developing infrastructure, if so, the details thereof and the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) : As per the provisional estimates released by the Central Statistics Office, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) market prices is placed at 7.3 per cent in 2014-15.

(b) & (c) : According to the Economic Survey 2014-15, the growth in the Indian economy can be expected to improve in 2015-16 on account of factors like the possible growth-promoting effect of recent reforms, decline in oil prices, decline in inflation and the forecast for a normal monsoon. In order to accelerate growth, the Economic Survey 2014-15 and the Union Budget 2015-16 have, inter alia, stressed: the need for fiscal consolidation with focus on expenditure control, public investment and elimination of leakages in the provision of subsidies; the framework for a modern indirect tax system, including GST; the need to develop infrastructure, encourage private investment, promote domestic manufacturing and address governance related issues; and, the need to raise economy-wide skills.

The Government of India has taken various initiatives to address the aforesaid issues and to improve the growth rate of the economy which, inter alia, include; liberalization of foreign direct investment in selected sectors; Skill India initiative and the unveiling of the National Policy for Skill Development and Entrepreneurship, 2015; measures to de-bottleneck the supply of key raw-materials like coal which would help manufacturing and infrastructure sectors; various facilitatory measures for a more conducive environment for investment; financial inclusion though Pradhan Mantri Jan Dhan Yojana (PMJDY) which also helps to strengthen banking and insurance services; extension of direct benefit transfer and focus on elimination of leakages; boost to agricultural sector with focus on micro irrigation, watershed development, soil conservation and credit, and, various measures to improve clarity and transparency in economic policy-making. Fiscal reforms with a clear roadmap on consolidation, expenditure reforms and rationalization of tax structure, including initiatives on Goods and Services Tax, are also expected to contribute to higher growth.

(d) Acceleration of GDP growth is dependent on many factors that, inter-alia, include the rate of capital formation and savings, utilization of technology, development of infrastructure, efficiency of resource allocation, quality of institutions, governance and the policy framework in place. It is difficult to precisely estimate the impact of development of infrastructure on the rate of growth of GDP. The Government's intent to promote infrastructure is reflected in the fillip given to infrastructure sectors through measures for investment facilitation as well as concrete measures for transport, power, and other urban and rural infrastructure. Some specific measures include; increase in the outlays of roads and railways; efforts to revitalize the public-private model of infrastructure development; and the plan to enhance electricity generation capacity considerably though creation of Ultra Mega Power Projects.